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LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-31-06

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 2005

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COMPONENT UNIT FINANCIAL STATEMENTS

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

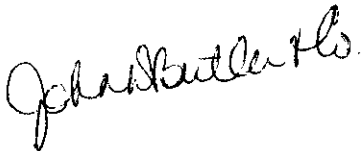
(225) 775-4982

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Dr. Terry Dantin, Chariman
Lafourche Parish Sewerage District No. 1
501 Canal Street
Thibodaux, Louisiana 70301

We have compiled the accompanying component unit financial statements of Lafourche Parish Sewerage District No. 1, component unit of the Lafourche Parish Police Jury, as of December 31, 2005, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



John D. Butler & Company
A Professional Accounting Corporation
April 24, 2006

REQUIRED SUPPLEMENTAL INFORMATION

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2005

Within this section of the annual financial report, management of the Lafourche Parish Sewerage District No. 1 (hereafter referred to as the District) provides a narrative overview and analysis of the financial activities of the Lafourche Parish Sewerage District No. 1 for the year ended December 31, 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District using a perspective similar to that used by the private sector. These statements include 1) statement of net assets and 2) statement of activities.

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on revenues provided by its taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The business-type activities of the District include activities related to drainage.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one category of funds: proprietary funds.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2005

Proprietary Funds. Proprietary funds are used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise. However, the purpose of such a fund isn't to maximize its return on invested capital, but to provide a service or product to the public at a reasonable cost, the objective being to cover operating and capital expenses through user fees. The District maintains only one type of proprietary fund – an enterprise fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its sewer maintenance fees. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The fund financial statements can be found on pages 12-15 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The index of the notes is found on page 17 with the actual notes beginning immediately afterwards.

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets serve as a useful indicator of the District's financial position from year to year. The following is a summary of the District's net assets:

SUMMARY OF NET ASSETS

	Business-type Activities	
	<u>2005</u>	<u>2004</u>
Assets:		
Current and other assets	\$ 106,546	\$ 73,539
Capital assets, net	<u>105,954</u>	<u>103,477</u>
Total assets	212,500	177,016
Liabilities:		
Current liabilities	17,394	21,901
Net Assets:		
Investment in capital assets, net of related debt	105,954	103,477
Unrestricted	<u>89,152</u>	<u>51,638</u>
Total net assets	<u>195,106</u>	<u>155,115</u>

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2005

The cash and cash equivalents at December 31, 2005 increased by \$33,563 over the prior year. Accounts payable decreased from the prior year by \$6,134.

The following table provides a summary of the District's changes in net assets:

SUMMARY OF CHANGES IN NET ASSETS

	Business-type Activities	
	<u>2005</u>	<u>2004</u>
Revenues:		
General revenues:		
Interest earned	\$ 656	\$ 565
Program revenues:		
Charges for services	<u>151,493</u>	<u>104,459</u>
Total revenues	152,149	105,024
Expenses:		
Sewer maintenance	<u>112,158</u>	<u>139,388</u>
Increase (decrease) in net assets	39,991	(34,364)
Net assets, beginning of year	<u>155,115</u>	<u>189,479</u>
Net assets, end of year	<u>195,106</u>	<u>155,115</u>

Total revenues for the year ended December 31, 2005 increased by \$47,125 due partly to an increase in monthly sewerage rates. A new method of collection was implemented in 2004, of which the District is charged a 5% collection fee. Sewer maintenance increased by \$47,034 mainly from the maintenance of the pump station. The stations are old and required extensive repairs. A company was hired for the operation services and environmental coordination of the pump station; the District did not have a company doing this job in the past.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets, net of accumulated depreciation, for its business-type activities as of December 31, 2005, was \$105,954. The additions in 2005 included new pumps at the Edgewood and Holliday pump stations along with fencing.

**LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2005**

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	Business-type Activities	
	<u>2005</u>	<u>2004</u>
Non- Depreciable Assets:		
Land	\$ 4,000	\$ 4,000
Depreciable Assets:		
Sewerage plant	<u>101,954</u>	<u>99,477</u>
Total Capital Assets	<u>105,954</u>	<u>103,477</u>

Long-Term Debt. The District remains debt-free as of the end of the current year.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S PLANS

Occasional power outages and pump failures were attended to accordingly. A break in the line on Evergreen caused by the installation of a telephone line was repaired during the year. The force-main leading from the Edgewood pump station into the manhole at the end of Fairway was rerouted to by-pass that manhole and go directly into the treatment plant. This eliminated the overburdening of the Edgewood main which was causing back-ups in that main.

Two new pumps were installed at the end of the Edgewood pump station and one new pump was installed at the Holliday pump station.

Curtis Environmental Services, Inc. was hired to operate and maintain the treatment plant. Environmental Engineering Services, Inc. was hired to do a feasibility study to determine the best options to upgrade and/or replace the existing treatment system. This included investigating the possible merger with the City of Thibodaux's system or with those of adjacent land developers. Approval was given for this agency to proceed with the preparation of plans and specifications for the design of a new treatment plant.

The Board negotiated with the Lafourche Water District No. 1 to revise the monthly sewerage billing to a constant nine month average derived from the previous year's consumption eliminating the three high usage summer months. This is to be revised at the end of each year for the next year's billing.

The Board holds monthly meetings to review current matters and address the needs of the District. Three public meetings to advise the District's customers were also conducted. One was to advise the customers of the user fee changes. The second was to inform them of the

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2005

probable cost and the possible means of financing that cost. The third was to inform them of the results of an environmental impact study as required by law.

Projections are that the plans and specifications for the new treatment plant will be ready for bids by the end of May or early June, 2006. Bid returns will be expected within 30 days, i.e. early June with construction to begin within 30 days after the awarding of the bid, i.e. early August. Construction should be in progress by September with a one year projected construction time. The new plant could be in operation by September of 2007.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Lafourche Parish Sewerage District No. 1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to our accountants at Kearns & Kearns, CPAs, 501 Canal Boulevard, Thibodaux, Louisiana 70301, 985-447-4833.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

<u>ASSETS</u>	Business-type <u>Activities</u>
Cash and cash equivalents	\$ 79,096.55
Receivables, net	13,320.21
Prepaid insurance	408.67
Investments	13,660.37
Meter deposits	60.00
Capital assets, net	<u>105,953.68</u>
Total Assets	212,499.48
 <u>LIABILITIES</u>	
Accounts payable	4,073.32
Deferred income	<u>13,320.21</u>
Total Liabilities	<u>17,393.53</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	105,953.68
Unrestricted	<u>89,152.27</u>
Total Net Assets	<u><u>195,105.95</u></u>

See Accompanying Notes and Accountants' Report

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

<u>Functions/Programs</u>	<u>Programs Revenues</u>				<u>Net Revenues (Expenses)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		<u>Governmental Activities</u>
Business-type Activities						
Sewer maintenance	\$ 112,158.32	\$ 151,493.16	-	\$ -	\$	39,334.84
Total Business-type Activities	112,158.32	151,493.16	-	-		39,334.84
General Revenues						
					Interest earned	656.20
					Total General Revenues	656.20
					Change in Net Assets	39,991.04
					Net Assets, beginning	155,114.91
					Net Assets, ending	195,105.95

FUND FINANCIAL STATEMENTS

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

<u>ASSETS</u>	<u>Enterprise Fund</u>
Current Assets	
Cash and cash equivalents	\$ 79,096.55
Receivables, net	13,320.21
Prepaid insurance	<u>408.67</u>
Total Current Assets	92,825.43
Investments	13,660.37
Non-Current Assets	
Meter deposits	60.00
Capital Assets:	
Land	4,000.00
Sewerage plant	415,988.67
Accumulated depreciation	<u>(314,034.99)</u>
Total Non-Current Assets	<u>106,013.68</u>
Total Assets	212,499.48
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	4,073.32
Deferred income	<u>13,320.21</u>
Total Current Liabilities/Total Liabilities	<u>17,393.53</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	105,953.68
Unrestricted	<u>89,152.27</u>
Total Net Assets	<u>195,105.95</u>

See Accompanying Notes and Accountants' Report

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

OPERATING REVENUES

Enterprise Fund

Charges for services:

Maintenance fees

\$ 151,493.16

OPERATING EXPENSES

Board fees

2,035.00

Collection fees

7,618.80

Insurance

3,934.34

Licenses

1,872.75

Office supplies and expenses

498.36

Professional fees

16,632.19

Repairs/maintenance of system

43,745.45

Utilities

21,927.76

Depreciation

13,893.67

Total Operating Expenses

112,158.32

Operating Income

39,334.84

NON-OPERATING REVENUE (EXPENSES)

Interest earned

656.20

Change in Net Assets

39,991.04

Net Assets, beginning

155,114.91

Net Assets, ending

195,105.95

See Accompanying Notes and Accountants' Report

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>Enterprise Fund</u>
Cash received from customers	\$ 151,493.16
Cash paid to suppliers for goods and services	<u>(102,216.34)</u>
Net Cash Provided by Operating Activities	49,276.82
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	-
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u>	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest received	656.20
Acquisition of capital assets	<u>(16,369.99)</u>
Net Cash Used for Investing Activities	<u>(15,713.79)</u>
Net Increase in Cash and Cash Equivalents	33,563.03
Cash and Cash Equivalents, beginning of year	<u>45,533.52</u>
Cash and Cash Equivalents, end of year	<u><u>79,096.55</u></u>

Continued

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

Enterprise Fund

Operating income	\$ 39,334.84
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Adjustments to reconcile operating income to net cash
provided by operating activities:

Depreciation	13,893.67
(Increase) decrease in assets:	
Accounts receivable	(1,626.15)
Prepaid insurance	2,182.34
Increase (decrease) in liabilities:	
Accounts payable	(6,134.03)
Deferred revenues	<u>1,626.15</u>

Total Adjustments	<u>9,941.98</u>
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Net Cash Provided by Operating Activities	<u><u>49,276.82</u></u>
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See Accompanying Notes and Accountants' Report

NOTES TO FINANCIAL STATEMENTS

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
INDEX TO NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

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LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

The Lafourche Parish Sewerage District No. 1 was created by the Lafourche Parish Police Jury, as authorized by Louisiana Revised Statute 33:3883. A Board of four commissioners who are appointed by the Lafourche Parish Council governs the District. The Board of Commissioners receives a fee for attendance at meetings.

The District is authorized to construct, operate and maintain a sewerage system for users within its boundaries. This is accomplished through fees charged to property owners. It currently serves 387 customers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing business-type accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria considered to determine financial accountability includes an organization (1) where the reporting entity has the authority to appoint a voting majority of the organization's governing body and (a) the ability of the reporting entity to impose its will on the organization and/or (b) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity; (2) with fiscal dependence on the reporting entity; and (3) for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

For reporting purposes, the Lafourche Parish Police Jury is the governing authority of the District. Based on the criterion listed above, it is determined that the Lafourche Parish Sewerage District No. 1 is a component unit of the Lafourche Parish Police Jury. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information of the Police Jury, the general government services provided by that government unit or other governmental units that comprise the reporting entity.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Government-Wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a Statement of Net Assets and Statement of Activities. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the modified cost recovery system over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets.

Under the requirements of GASB Statement No. 34, the District is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. This does not impact the District, as it does not have any infrastructure assets to report.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Program Revenues

The Statement of Activities presents one category of program revenues – charges for services. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Because the District does not have any customers, there are no such revenues.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. The District does not have any proprietary funds.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The District has only one fund that is considered a proprietary fund. The fund classification and a description of each existing fund type follow:

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the Statement of Activities. Non-exchange transactions such as grants are recognized in the year the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The District considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: As a proprietary fund, the District is not required to prepare an annual budget as discussed in Louisiana Revised Statute 39:1305. It does not prepare one.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety (90) days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The District has one certificate of deposit with maturities extending beyond ninety (90) days.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Capital Assets: The District's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Sewerage plant	45 years
Equipment	10 years

The District's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in business-type activities in the financial statements retroactively reported back to 1982. This does not impact the District, as it has no infrastructure assets.

Compensated Absences: The District does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of business-type funds are recognized as expenditures when paid.

The District did not have any long-term debt at December 31, 2005.

Net Assets/Fund Balances: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2005, the District had cash and cash equivalents on hand (book balances) totaling \$79,096.55 as follows:

Demand deposits	<u>\$ 79,096.55</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2005, the District had \$79,096.55 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance. These amounts are as follows:

Demand deposits	<u>\$ 79,096.55</u>
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Hibernia National Bank	<u>\$ 100,000.00</u>
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LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
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DECEMBER 31, 2005

Even though the pledged securities are considered uncollateralized, under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with ten (10) days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. All investments of the District are certificates of deposit with maturities extending beyond 90 days. They are not subject to custodial credit risk. At December 31, 2005, the District had one certificate whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Hibernia Bank	4/19/06	2.50%	<u>\$ 13,660.37</u>

NOTE 4 – RECEIVABLES

The following is a summary of receivables at December 31, 2005:

Customers	<u>\$ 13,320.21</u>
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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 4,000.00	\$.00	\$.00	\$ 4,000.00
Total Capital Assets, not being depreciated, net	<u>4,000.00</u>	<u>.00</u>	<u>.00</u>	<u>4,000.00</u>
Capital Assets, being depreciated				
Sewerage plant	399,618.68	16,369.99	.00	415,988.67
Less: accumulated depreciation	<u>300,141.32</u>	<u>13,893.67</u>	<u>.00</u>	<u>314,034.99</u>
Net sewerage plant	<u>99,477.36</u>	<u>2,476.32</u>	<u>.00</u>	<u>101,953.68</u>
Total Capital Assets, being depreciated, net	<u>99,477.36</u>	<u>2,476.32</u>	<u>.00</u>	<u>101,953.68</u>
Capital Assets, net	<u>103,477.36</u>	<u>2,476.32</u>	<u>0.00</u>	<u>105,953.68</u>

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
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NOTE 6 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2005:

Class of Payables

Accounts	\$ 4,073.32
Deferred income	<u>13,320.31</u>
Total	<u>17,393.53</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

There were no related party transactions that are required to be disclosed.

NOTE 8 – LITIGATION AND CLAIMS

There is no litigation that would require disclosure or reporting in the accompanying financial statements. The District is not aware of any potential or threatened claims.

NOTE 9 – SUBSEQUENT EVENTS

There were no subsequent events that would have a material affect on the accompanying financial statements that occurred between the close of the year and issuance of the financial statements.

SUPPLEMENTAL INFORMATION

LAFOURCHE PARISH SEWERAGE DISTRICT NO. 1
LAFOURCHE PARISH POLICE JURY
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
DECEMBER 31, 2005

A schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

<u>Name</u>	<u>Amount</u>
Mr. Richard Arabie	\$ 605.00
Dr. Terry Dantin	825.00
Mr. Wade Ledet	440.00
Mr. Roy Robichaux	<u>275.00</u>
Total	<u>2,145.00</u>

See Accountants' Report